

Marital Decline: The Role of House Prices and Parental Coresidence

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Abstract

U.S. marriage rates have declined significantly over the past 40 years. Concurrently, house prices increased faster than incomes, and parental coresidence among young adults has risen sharply. In this paper, I analyze the role of increasing house prices in shaping marriage decisions, particularly through their effect on parental coresidence. I present a stylized model of household formation and housing to highlight the dual impact of house prices on marriage. On the one hand, higher house prices increase marriage due to the economies of scale motives. On the other, they increase the share of parental coresidors, reducing the number of people in the marriage market. Then I build a life-cycle model of household formation and housing that accounts for this trade-off and explicitly considers housing decisions and constraints. I use the model for two exercises. First, to quantify the role of house prices on the marital decline between 1980 and 2019. I find that house prices explain around 50% of the decline in marriage within the model. Second, I evaluate the effect of housing policies, finding that a 10% rental subsidy increases marriage rates among young adults by 5 percentage points, primarily by reducing parental coresidence.